

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re	)	Chapter 11
	)	
W. R. Grace & Co. et al. <sup>1</sup> ;	)	Case No. 01-01139(JKF)
	)	Jointly Administered
Debtors.	)	
		<b>Objection Deadline:</b>
		<b>August 3, 2004 at 4:00 p.m.</b>
		<b>Hearing date: To be scheduled only</b>
		<b>if objections are timely filed and served.</b>

**NOTICE OF FILING OF QUARTERLY FEE APPLICATION**

To: (1) The Debtors; (2) Counsel to the Debtors; (3) The Office of the United States Trustee; (4) Counsel to the Official Committee of Asbestos Personal Injury Claimants; (5) Counsel to the Official Committee of Asbestos Property Damage Claimants; (6) Counsel to the Official Committee of Equity Holders; and (7) Counsel to the Debtors-in-Possession Lenders (8) the Fee Auditor:

Capstone Corporate Recovery, LLC (“Capstone”), financial advisors to the Official Committee of Unsecured Creditors (the “Advisors”) of the above captioned debtor and debtors in possession in the above-captioned chapter 11 cases, filed and served the First Quarterly Interim Application of Capstone Corporate Recovery, LLC, Financial Advisors to the Official

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<sup>1</sup> The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L. B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

Committee of Unsecured Creditors, for Allowance of Compensation and for Services Rendered and Reimbursement of Expenses Incurred for the period from February 4, 2004 through March 31, 2004, seeking compensation in the amount of \$231,297.50, reimbursement for actual and actual and necessary expenses in the amount of \$5,751.07.

Objections or responses to the Monthly Fee Application, if any, must be made in writing and filed with the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before

**August 3, 2004 at 4:00 p.m.**

At the same time you must also serve a copy of the objections or responses, if any, upon the following: (i) co-counsel for the Debtors, James H.M. Sprayregen, Esquire, Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois 60601 (fax number 312-861-2200), and Laura Davis Jones, Esquire, Pachulski, Stang, Ziehl, Young & Jones P.C., 919 North Market Street, Suite 1600, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801) (fax number 302-652-4400); (ii) co-counsel to the Official Committee of Unsecured Creditors, Lewis Kruger, Esquire, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038-4982 (fax number 212-806-6006), and Michael R. Lastowski, Esquire, Duane Morris LLP, 1100 N. Market Street, Suite 1200, Wilmington, Delaware 19801-1246 (fax number 302-657-4901); (iii) co-counsel to the Official Committee of Asbestos Property Damage Claimants, Scott L. Baena, Esquire, Blizin, Sumberg, Dunn, Baena, Price & Axelrod, First Union Financial Center, 200 South Biscayne Boulevard, Suite 2500, Miami, Florida 33131 (fax number 305-374-7593), and Michael B. Joseph, Esquire, Ferry & Joseph, P.A., 824 Market Street, Suite 904, P.O. Box 1351, Wilmington, Delaware 19899 (fax number 302-575-1714); (iv) co-counsel to the Official Committee of Asbestos Personal Injury Claimants, Elihu Inselbuch, Esquire, Caplin & Drysdale,

399 Park Avenue, 36th Floor, New York, New York 10022 (fax number 212-644-6755) and  
Mark Hurford, Esquire, Campbell & Levine, LLC, Chase Manhattan Centre, 15th Floor,  
1201 Market Street, Suite 1500, Wilmington, Delaware 19801 (fax number 302-426-9947);  
(v) co-counsel to the DIP Lender, J. Douglas Bacon, Esquire, Latham & Watkins , Sears Tower,  
Suite 5800, Chicago, Illinois 60606 (fax number 312-993-9767), and Steven M. Yoder, Esquire,  
The Bayard Firm, 222 Delaware Avenue, Suite 900, P.O. 25130, Wilmington, Delaware 19899  
(fax number 302-658-6395); (vi) counsel to the Official Committee of Equity Holders, Thomas  
Moers Mayer, Esquire, Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York,  
New York 10022 (fax number 212-715-8000); and (vii) the Office of the United States Trustee,  
Attn: Frank J. Perch, Esquire, 844 N. King Street, Wilmington, Delaware 19801

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(fax number 302-573-6497); and (viii) the Fee Auditor, to Warren H. Smith and Associates, Republic Center, 325 N. St. Paul, Suite 1275, Dallas, TX 75201, Attn: Stephen L. Bossay.

Dated: July 14, 2004  
Wilmington, DE

**RESPECTFULLY SUBMITTED,**

/s/ Michael R. Lastowski

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and

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Co-Counsel for the Official Committee of  
Unsecured Creditors of W. R. Grace & Co., et al.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: Chapter 11

W.R. GRACE & Co., et al., Case No. 01-01139 (JKF)  
(Jointly Administered)

Debtor Objection Deadline: To be Determined  
Hearing Date: To be Determined

**FIRST QUARTERLY INTERIM APPLICATION OF CAPSTONE CORPORATE  
RECOVERY, LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS, FOR ALLOWANCE OF COMPENSATION  
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH MARCH 31, 2004)**

Name of Applicant:	Capstone Corporate Recovery, LLC
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	June 8, 2004 (nunc pro tunc to February 4, 2004)
Period for which compensation and reimbursement is sought:	February 4, 2004 through March 31, 2004
Amount of Compensation sought as actual, reasonable and necessary during the Quarter (100%):	\$231,297.50
Amount of Expense Reimbursement sought as actual, reasonable and necessary during the Quarter (100%):	\$ 5,751.07

This is an: X interim \_\_\_\_\_ final application

This is the First Quarterly application filed. Disclosure for all periods is as follows:

**FIRST QUARTERLY INTERIM APPLICATION OF CAPSTONE CORPORATE  
RECOVERY, LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE  
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(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH MARCH 31, 2004)**

**ATTACHMENT A**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60
June 10, 2004	March 1, 2004 through March 31, 2004	\$136,415.50	\$1,819.00	\$109,132.40
<b>Totals First Quarterly</b>	<b>February 4, 2004 through March 31, 2004</b>	<b>\$231,297.50</b>	<b>\$5,751.07</b>	<b>\$185,038.00</b>

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(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH MARCH 31, 2004)**

**ATTACHMENT B**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Summary of Fees by Task Code by Professional
4. Summary of Expenses

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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**W.R. Grace & Co.**  
**Capstone Corporate Recovery, LLC**  
**Summary of Fees by Professional**  
**For the Period 2/4/2004 through 3/31/2004**

<b>Professional</b>	<b>Position</b>	<b>Billing Rate</b>	<b>Hours</b>	<b>Fees</b>
E. Ordway	Member	\$495	42.40	\$20,988.00
S. Cunningham	Member	\$475	146.75	\$69,706.25
C. Troyer	Consultant	\$375	236.25	\$88,593.75
J. Rooney	Consultant	\$375	11.00	\$4,125.00
L. Hamilton	Consultant	\$335	133.20	\$44,622.00
M. Desalvio	Research	\$150	1.25	\$187.50
M. Hakoun	Research	\$150	18.50	\$2,775.00
N. Backer	Paraprofessional	\$75	4.00	\$300.00
<b>For the Period 2/4/2004 through 3/31/2004</b>			<b>593.35</b>	<b>\$231,297.50</b>

**W.R. Grace & Co.****Capstone Corporate Recovery, LLC****Summary of Fees by Task Code****For the Period 2/1/2004 through 2/29/2004**

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
04. Creditor Committee Matters	During the Fee Application period, the Applicant attended meetings to discuss various case issues with members of the Committee.	0.80	\$396.00
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared Fee Applications for itself and on behalf of FTI Consulting, Inc.	20.20	\$5,987.00
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant read and analyzed Q4 2003 financial results and prepared a report to the Committee thereon.	107.20	\$38,689.50
09. Financial Analysis - Business Plan	During the Fee Application Period, the Applicant analyzed the Debtors' FY 2004 Business Plan and prepared a report to the Committee detailing the Plan highlights.	28.20	\$11,035.00
11. Financial Analysis - Other	During the Fee Application period, the Applicant analyzed the court docket for pertinent case information. Additionally, Capstone analyzed financial data regarding competitors and economic forecasts.	8.95	\$3,062.25
18. Retention of Professionals	During the Fee Application Period, the Applicant prepared retention application documents and reviewed same with counsel.	22.00	\$7,418.00
19. Tax Issues	During the Fee Application Period, the Applicant read and analyzed historical tax data, Sealed Air settlement information and information provided by the Debtors in preparation for tax issues meeting.	22.35	\$10,224.25
20. Valuation	During the Fee Application period, the Applicant spent time updating a hypothetical recovery analysis for for Sealed Air impacts and discussed same with tax advisors and the Debtors.	17.00	\$7,047.00
26. Meetings with Debtors	During the Fee Application Period, we met with the Debtors to discuss the Q4 2003 financial results as well as the 2004 Business Plan. We also participated in a tax issues meeting with the Debtors.	24.20	\$10,825.00
28. Special Case Issues	During the Fee Application period, the Applicant read and analyzed recent asbestos case information.	0.40	\$198.00
<b>For the Period 2/1/2004 through 2/29/2004</b>		<b>251.30</b>	<b>\$94,882.00</b>

**W.R. Grace & Co.****Capstone Corporate Recovery, LLC****Summary of Fees by Task Code****For the Period 3/1/2004 through 3/31/2004**

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
02. Case Administration	During the Fee Application Period, the Applicant spent time performing administrative tasks necessary to provide the consulting services detailed in the Engagement Letter. Applicant strives to keep time charged to this category to a minimum.	0.75	\$112.50
04. Creditor Committee Matters	During the Fee Application period, the Applicant attended meetings to discuss various case issues with members of the Committee.	16.50	\$7,265.50
05. Employee Matters/KERP/Other	During the Fee Application period, the Applicant analyzed the "LTIP" motion.	3.10	\$1,278.50
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared Fee Applications for itself and on behalf of FTI Consulting, Inc.	18.30	\$5,918.50
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant continued to work on the 4th Quarter 2003 report prior to distribution to the Committee.	37.95	\$15,304.25
09. Financial Analysis - Business Plan	During the Fee Application Period, the Applicant analyzed the Debtors' FY 2004 Business Plan and prepared a report to the Committee detailing the Plan highlights.	119.95	\$48,999.25
11. Financial Analysis - Other	During the Fee Application period, the Applicant analyzed the court docket for pertinent case information.	16.65	\$4,670.25
15. Plan & Disclosure Statement	During the Fee Application Period, the Applicant analyzed Plan and Disclosure Statements for other bankrupt Companies facing asbestos claims.	20.50	\$7,412.50
18. Retention of Professionals	During the Fee Application Period, the Applicant prepared documents filed with the Court related to its retention by the Creditors Committee.	2.00	\$750.00
19. Tax Issues	During the Fee Application period, the Applicant read and analyzed information regarding the "Lonely Parent" rule, the Sealed Air settlement, and Company historical tax data.	8.20	\$3,895.00
20. Valuation	During the Fee Application period, the Applicant spent time updating a hypothetical recovery analysis for new tax assumptions and Sealed Air settlement impact.	80.55	\$33,310.25

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
21. Research	During the Fee Application Period, the Applicant spent time researching asbestos issues and peer companies.	1.00	\$150.00
26. Meetings with Debtors	During the Fee Application period, the Applicant met with Debtors and counsel to discuss tax issues, the Sealed Air settlement, and the FY 2004 Business Plan.	13.50	\$5,862.50
28. Special Case Issues	During the Fee Application period, the Applicant read and analyzed recent asbestos claims information.	3.10	\$1,486.50
<b>For the Period 3/1/2004 through 3/31/2004</b>		<b>342.05</b>	<b>\$136,415.50</b>

**W.R. Grace & Co.**  
**Capstone Corporate Recovery, LLC**  
**Summary of Fees by Task Code by Professional**  
**For the Period 2/4/2004 through 3/31/2004**

<b>Professional</b>		<b>Hours</b>	<b>Fees</b>
<b>02. Case Administration</b>			
M. Hakoun		0.75	\$112.50
		0.75	\$112.50
<b>04. Creditor Committee Matters</b>			
E. Ordway		8.60	\$4,257.00
S. Cunningham		1.50	\$712.50
C. Troyer		7.00	\$2,625.00
L. Hamilton		0.20	\$67.00
		17.30	\$7,661.50
<b>05. Employee Matters/KERP/Other</b>			
E. Ordway		0.50	\$247.50
S. Cunningham		1.00	\$475.00
C. Troyer		0.50	\$187.50
L. Hamilton		1.10	\$368.50
		3.10	\$1,278.50
<b>07. Fee Applications &amp; Invoices</b>			
E. Ordway		0.30	\$148.50
L. Hamilton		34.20	\$11,457.00
N. Backer		4.00	\$300.00
		38.50	\$11,905.50
<b>08. Financial Analysis - Schedules &amp; Statements</b>			
E. Ordway		5.30	\$2,623.50
S. Cunningham		17.25	\$8,193.75
C. Troyer		67.90	\$25,462.50

<b>Professional</b>	<b>Hours</b>	<b>Fees</b>
L. Hamilton	51.40	\$17,219.00
M. Hakoun	3.30	\$495.00
	145.15	\$53,993.75
<b>09. Financial Analysis - Business Plan</b>		
E. Ordway	10.40	\$5,148.00
S. Cunningham	37.70	\$17,907.50
C. Troyer	84.95	\$31,856.25
J. Rooney	1.60	\$600.00
L. Hamilton	13.50	\$4,522.50
	148.15	\$60,034.25
<b>11. Financial Analysis - Other</b>		
E. Ordway	4.60	\$2,277.00
S. Cunningham	0.75	\$356.25
C. Troyer	2.35	\$881.25
J. Rooney	0.40	\$150.00
L. Hamilton	7.80	\$2,613.00
M. Desalvio	1.00	\$150.00
M. Hakoun	8.70	\$1,305.00
	25.60	\$7,732.50
<b>15. Plan &amp; Disclosure Statement</b>		
S. Cunningham	8.50	\$4,037.50
J. Rooney	7.00	\$2,625.00
M. Hakoun	5.00	\$750.00
	20.50	\$7,412.50
<b>18. Retention of Professionals</b>		
E. Ordway	0.30	\$148.50
J. Rooney	2.00	\$750.00
L. Hamilton	21.70	\$7,269.50

<b>Professional</b>	<b>Hours</b>	<b>Fees</b>
	24.00	\$8,168.00
<b>19. Tax Issues</b>		
S. Cunningham	27.75	\$13,181.25
L. Hamilton	2.80	\$938.00
	30.55	\$14,119.25
<b>20. Valuation</b>		
E. Ordway	9.30	\$4,603.50
S. Cunningham	26.60	\$12,635.00
C. Troyer	61.65	\$23,118.75
	97.55	\$40,357.25
<b>21. Research</b>		
M. Desalvio	0.25	\$37.50
M. Hakoun	0.75	\$112.50
	1.00	\$150.00
<b>26. Meetings with Debtors</b>		
S. Cunningham	25.70	\$12,207.50
C. Troyer	11.50	\$4,312.50
L. Hamilton	0.50	\$167.50
	37.70	\$16,687.50
<b>28. Special Case Issues</b>		
E. Ordway	3.10	\$1,534.50
C. Troyer	0.40	\$150.00
	3.50	\$1,684.50
<b>For the Period 2/4/2004 through 3/31/2004</b>	<b>593.35</b>	<b>\$231,297.50</b>

**W.R. Grace & Co.  
Capstone Corporate Recovery, LLC  
Expense Detail  
For the Period 2/4/2004 through 3/31/2004**

<b>Expense Date</b>	<b>Professional</b>	<b>Amount</b>
<b>Airfare/Train</b>		
2/25/2004	S. Cunningham	\$1,379.20
2/25/2004	S. Cunningham	\$323.00
<b>Subtotal - Airfare/Train</b>		<b>\$1,702.20</b>
<b>Auto Rental</b>		
2/13/2004	C. Troyer	\$203.22
2/26/2004	S. Cunningham	\$307.47
<b>Subtotal - Auto Rental</b>		<b>\$510.69</b>
<b>Lodging</b>		
2/25/2004	S. Cunningham	\$876.86
<b>Subtotal - Lodging</b>		<b>\$876.86</b>
<b>Meals</b>		
2/25/2004	S. Cunningham	\$364.29
2/25/2004	S. Cunningham	\$34.41
<b>Subtotal - Meals</b>		<b>\$398.70</b>
<b>Parking/Tolls/Mileage</b>		
2/25/2004	S. Cunningham	\$170.00
2/25/2004	S. Cunningham	\$161.00
2/25/2004	S. Cunningham	\$48.00
3/24/2004	E. Ordway	\$47.00
3/24/2004	C. Troyer	\$43.00
3/30/2004	E. Ordway	\$33.50
3/31/2004	S. Cunningham	\$27.50

<b>Expense Date</b>	<b>Professional</b>	<b>Amount</b>
3/31/2004	S. Cunningham	\$15.00
3/31/2004	S. Cunningham	\$6.00
Subtotal - Parking/Tolls/Mileage		\$551.00
Postage & Over Night Deliveries		
3/1/2004	M. Hakoun	\$19.17
Subtotal - Postage & Over Night Deliveries		\$19.17
Purchased Services		
3/30/2004	C. Troyer	\$713.38
Subtotal - Purchased Services		\$713.38
Research		
3/31/2004	Capstone Allocation	\$105.55
3/31/2004	Capstone Allocation	\$100.00
Subtotal - Research		\$205.55
Supplies		
3/3/2004	T. Sell	\$120.49
Subtotal - Supplies		\$120.49
Taxi		
2/25/2004	S. Cunningham	\$40.00
Subtotal - Taxi		\$40.00
Telephone		
2/15/2004	E. Ordway	\$24.62
3/2/2004	E. Ordway	\$10.20
3/29/2004	S. Cunningham	\$33.00
3/31/2004	Capstone Allocation	\$545.21
Subtotal - Telephone		\$613.03
<b>For the Period 2/4/2004 through 3/31/2004</b>		<b>\$5,751.07</b>

**FIRST QUARTERLY INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY, LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED (FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH MARCH 31, 2004)**

**APPLICATION**

Pursuant to sections 327, 330 and 331 of title 11 of the United States Code (as amended, the “Bankruptcy Code”, Fed. R. Bankr. P. 2016, the Retention Order (as defined below), the Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Interim Compensation Order”), the Amendment to the Administrative Order effective April 17, 2002 (the “Amendment”) and Del.Bankr.LR 2016-2, Capstone Corporate Recovery, LLC (“Capstone”), Financial Advisors to the Official Committee of Unsecured Creditors (the “Committee”) of W.R. Grace & Co. and its sixty-one domestic subsidiaries and affiliates that are debtors and debtors-in-possession (the “Debtors”), hereby applies for an order allowing it (i) compensation in the amount of \$231,297.50 for professional services rendered by Capstone as financial advisors for the Committee, less \$0.00 previously paid, and (ii) reimbursement for the actual and necessary expenses incurred by Capstone in rendering such services in the amount of \$5,751.07, less \$0.00 previously paid, (the “First Quarterly Fee Application”), in each case for the interim quarterly period from February 4, 2004 through March 31, 2004 (the “Fee Period”).

In support of this Application, Capstone respectfully states as follows:

**Monthly Interim Fee Applications Covered Herein**

1. Pursuant to the procedures set forth in the Administrative Fee Order and Amendment, professionals may apply for monthly compensation and reimbursement (each such application, a “Monthly Fee Application”), and the notice parties listed in the Administrative

Fee Order and Amendment may object to such request. If no notice party objects to a professional's Monthly Fee Application within twenty (20) days after the date of service of the Monthly Fee Application, the applicable professional may submit to the Court a certification of no objection whereupon the Debtors are authorized to pay interim compensation and reimbursement of 80% of the fees and 100% of the expenses requested.

2. Furthermore, and also pursuant to the Administrative Fee Order and Amendment, professionals are to file and serve upon the notice parties a quarterly request (a "Quarterly Fee Application") for interim Court approval and allowance of the Monthly Fee Applications filed during the quarter covered by that Quarterly Fee Application. If the Court grants the relief requested by the Quarterly Fee Application, the Debtors are authorized and directed to pay the professional 100% of the fees and expenses requested in the Monthly Fee Applications covered by that Quarterly Fee Application less any amounts previously paid in connection with the Monthly Fee Applications. Any payment made pursuant to the Monthly Fee Applications or a Quarterly Fee Application is subject to final approval of all fees and expenses at a hearing on the professional's final fee application.
3. Pursuant to an Application submitted to the Court on or about February 20, 2004, and by a Court order dated June 8, 2004 (the "Retention Order"), Capstone was retained as financial advisors for the Committee, nunc pro tunc to February 4, 2004.
4. Capstone, which was formed by former employees of FTI, was retained by the Committee instead and in place of FTI Consulting Inc. ("FTI"). FTI continues to be retained by the Committee in a limited advisory capacity.
5. In the interests of providing an orderly transition of services and at the request of FTI, Capstone prepared certain fee applications on behalf of FTI. Both Capstone and FTI have

taken care in segregating fees and expenses in order to prevent any duplication within their respective fee applications. Time spent by Capstone employees in preparation of these FTI fee applications has been included in Capstone's fee applications and is not replicated in FTI's fee applications for the period February 4, 2004 through March 31, 2004.

6. Since its retention, Capstone has continuously and vigorously pursued the Committee's interests in these cases.
7. Capstone is a firm of financial advisors specializing in insolvency restructuring and related matters. Since being retained by the Committee, Capstone has rendered professional services to the Committee as requested and as necessary and appropriate in furtherance of the interests of the unsecured creditors of the Debtors' estates. Capstone respectfully submits that the professional services that it rendered on behalf of the Committee were necessary and have directly benefited the creditor constituents represented by the Committee and have contributed to the effective administration of these cases.
8. This is the First Quarterly Fee Application for compensation for services rendered that Capstone has filed with the Bankruptcy Court in connection with the representation of the Committee in these chapter 11 cases.
9. Capstone has filed the following Monthly Fee Applications for interim compensation during the Fee Period:
  - a. First application of Capstone Corporate Recovery, LLC, financial advisor to the Official Committee of Unsecured Creditors, for allowance of compensation for service rendered and reimbursement of expenses incurred for the period from February 4, 2004 through February 29, 2004, filed on or about June 10, 2004, (the "First Fee Application") attached hereto as Exhibit II.
  - b. Second application of Capstone Corporate Recovery, LLC, financial advisor to the Official Committee of Unsecured Creditors, for allowance of compensation for service rendered and reimbursement of expenses incurred

for the period from March 1, 2004 through March 31, 2004, filed on or about June 10, 2004, (the "Second Fee Application") attached hereto as Exhibit III.

Capstone has not filed any other Quarterly Fee Applications or Monthly Fee Applications for the Fee Period.

**Description of Services, Fees and Expenses**

10. During the First Quarterly Interim Period, the Applicant rendered professional services aggregating a total of 593.35 hours in the discharge of its duties as financial advisor and bankruptcy consultant to the Committee. The Applicant is seeking an interim allowance for compensation of professional services rendered to the Debtors of \$231,297.50, representing 100% of fees incurred, and reimbursement of expenses in connection therewith of \$5,751.07.

The Applicant, respectfully, submits the following:

- a) The Applicant believes that the interim fees applied for herein for professional services rendered in performing accounting and advisory services for the Committee in this proceeding are fair and reasonable in view of the time spent, the extent of work performed, the nature of the Debtors' capitalization structure and financial condition, the Debtors' financial accounting resources and the results obtained.
- b) All expenses were billed at actual cost, exclusive of amortization of the cost of investment, equipment or capital outlay. Internal charges for outgoing out-of-town facsimile transmissions were billed at \$1.00 per page for domestic transmissions. Photocopy charges were billed at actual cost for external copying and \$.15 per page for internal copying. Capstone believes that these charges reflect its actual out-of-pocket costs.
- c) The disbursements and expenses have been incurred in accordance with Capstone's normal practice of charging clients for expenses clearly related to and required by particular matters. Such expenses were often incurred to enable Capstone to devote time beyond normal office hours to matters that imposed extraordinary time demands. Capstone has endeavored to minimize these expenses to the fullest extent possible.
- d) Capstone expended an aggregate of 593.35 hours, substantially all of which was expended by the professional staff of Capstone. The work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task. A small staff was utilized to optimize efficiencies and avoid redundant

efforts. The staff of the Debtors or their advisors has been utilized where practical and prudent.

- e) Capstone's approach is to utilize senior, experienced personnel and to encourage the Debtors to provide the staff-level support and analysis to minimize total cost. In addition, Capstone's per diem rates for professionals of comparable experience are 10% to 20% lower than its competitors, the "Big-Four" accounting firms and certain other nationally-recognized specialty firms.
- f) Because Capstone's core staff consisted of senior professionals who performed a vast amount of the work, time spent communicating internally and reviewing the work product of junior associates was kept to a minimum. Additionally, because of the experience of Capstone's professionals, in many instances only one or two Capstone representatives attended meetings or conference calls or performed specific functions.
- g) Sean M. Cunningham, a senior member of the firm in charge of this case, directed the activities of the Capstone team, calling upon his more than five years of experience in restructuring and insolvency matters, including more than 50 cases, many as large and complex, and some larger and more complex than this matter.
- h) To the best of the Applicant's knowledge and belief, there has been no duplication of services between the Applicant and any other accountants or consultants to the bankruptcy estate.
- i) Capstone's travel time policy is for professional personnel to travel outside of business hours when possible. Such time is not charged to a client unless productive work is performed during the travel period. In this engagement, non-productive travel time is not being charged to the Debtors.
- j) In providing a reimbursable service such as copying or telephone, the Applicant does not make a profit on that service. In charging for a particular service, Capstone does not include in the amount for which reimbursement is sought the amortization of the cost of any invcstmcnt, equipment or capital outlay. In seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party, Capstone requests reimbursement only for the amount billed to Capstone by such third party vendor and paid by Capstone to that vendor.
- k) Annexed hereto as Attachment B are summaries of fees and hours by professional and by task during the First Quarterly Interim Period, as well as a summary of expenses for the First Quarterly Period.
- l) Annexed hereto as Exhibit II and Exhibit III are the monthly interim applications that include the detail of the services performed by the Applicant during the each monthly period at the direction of the Committee and its Counsel.
- m) Pursuant to Rule 2016, Capstone states that no compensation to be received in this proceeding will be shared with any person or entity outside of Capstone and that no

compensation has been paid or promised to the Applicant in connection with the compensation sought in this Application except as disclosed herein. No prior application has been made to this or any other Court for the relief requested herein for the Compensation Period, nor has any payment been received by Capstone on account of its accounting and financial advisory services rendered or on account of the out-of-pocket expenses incurred in connection therewith.

- n) As stated in the Affidavit of Sean M. Cunningham annexed hereto as Exhibit I, all of the services for which interim compensation is sought herein were rendered for and on behalf of the Committee solely in connection with these cases.

11. The detail of services provided by Capstone during the Fee Period is included in the monthly fee applications attached as Exhibit II and Exhibit III. A summary of the services provided by Capstone during the Fee Period is provided in Attachment B.

**Relief Requested**

9. By this First Quarterly Fee Application, Capstone requests that the Court approve the interim allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by Capstone for the Fee Period, and as detailed in the February to March Monthly Applications, less the amounts previously paid to Capstone pursuant to the procedures set forth in the Administrative Fee Order and Amendment.<sup>1</sup> As stated above, the full scope of services provided and the related expenses incurred are fully described in the February through March Monthly Applications, which are attached hereto as Exhibits II and III.

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<sup>1</sup> Capstone reserves the right to seek at a later date compensation for services rendered and reimbursement for expenses incurred during the February through March 2004 period that are not otherwise included in the relevant February through March Monthly Applications.

**Disinterestedness**

10. As disclosed in the affidavit of Sean M. Cunningham, (the "Affidavit") Capstone does not hold or represent any interest adverse to the estates, and had been, at all relevant times, a disinterested person as that term is defined in section 101(4) of the Bankruptcy Code as modified by section 1107 of the Bankruptcy Code.
11. Capstone may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and the chapter 11 cases. Capstone disclosed in its Retention Application its connections to parties-in-interest that it has been able to ascertain using its reasonable efforts. Capstone will provide supplemental Affidavits when necessary and when Capstone becomes aware of material new information.

WHEREFORE, Capstone respectfully requests that the Court enter an order, substantially in the form attached hereto,

- a) granting Capstone an allowance of (i) \$231,297.50 as compensation for reasonable and necessary professional services rendered to the Committee, less \$0.00 previously paid, and (ii) of \$5,751.07 for reimbursement of actual and necessary costs and expenses incurred, less \$0.00 previously paid, for a net total of \$231,297.50 owing and unpaid, for the Fee Period from February 4, 2004 through March 31, 2004;
- b) authorizing and directing the Debtors to pay to Capstone the outstanding amount of such sums; and
- c) granting such other and further relief as this Court may deem just and proper.

Date: June 9, 2004

Capstone Corporate Recovery, LLC

By   
Sean M. Cunningham

Capstone Corporate Recovery, LLC  
Park 80 West, Plaza I  
Saddle Brook, NJ 07663  
(201) 587-7100

### **Index to Exhibits**

**Exhibit I** **Affidavit**

**Exhibit II** **Fee Application for the Period February 1 – February 29, 2004**

**Exhibit III** **Fee Application for the Period March 1, 2004 – March 31, 2004**

**Exhibit I**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
W.R. GRACE & CO., <u>et al.</u>	)	Case No. 01-01139 (JKF)
		(Jointly Administered)
Debtors.	)	
	)	Objection Deadline: To Be Determined
		Hearing Date: To Be Determined

**AFFIDAVIT**

STATE OF NEW JERSEY )  
                        ) ss:  
COUNTY OF BERGEN   )

SEAN M. CUNNINGHAM, being duly sworn, deposes and says:

1. I am a senior member of Capstone Corporate Recovery, LLC, ("Capstone"), and I am duly authorized to make this affidavit on behalf of Capstone. Capstone provides financial consulting services for restructuring matters and has its principal office at Park 80 West Plaza I, Saddle Brook, New Jersey. Capstone has provided financial consulting services to and has rendered professional services on behalf of the Official Committee of Unsecured Creditors (the "Committee") of W. R. Grace & Co., and sixty-one of its domestic subsidiaries and affiliates which are debtors and debtors-in-possession before this Court.

2. This affidavit is submitted pursuant to Bankruptcy Rule 2016(a) in support of Capstone's First Quarterly application for compensation for services and for reimbursement of expenses for services rendered during the period from February 4, 2004 through March 31, 2004 in the aggregate amount of \$237,048.57, of which \$237,048.57 has not yet been paid.

3. All services for which compensation is requested by Capstone were professional services performed for and on behalf of the Committee from February 4, 2004 through and including March 31, 2004 and not on behalf of any other person.

4. In accordance with Title 18 U.S.C. Section 155, neither I nor any employee of my firm has entered into any agreement, express or implied, with any other party-in-interest for the

purpose of fixing the amount of any of the fees or other compensation to be allowed out of or paid from the Debtors' assets.

5. In accordance with Section 504 of the Bankruptcy Code, no agreement or understanding exists between me, my firm, or any employee thereof, on the one hand, and any other person, on the other hand, for division of such compensation as my firm may receive for services rendered in connection with these cases, nor will any division of fees prohibited by Section 504 of the Bankruptcy Code be made by me or any employee of my firm.

  
SEAN M. CUNNINGHAM

Sworn to before me this  
9th day of June, 2004

  
Notary Public

 PATRICIA E. FOOSE  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES AUG. 6, 2006

**Exhibit II**

**Fee Application for the period**

**February 4, 2004 – March 31, 2004**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: Chapter 11

W.R. GRACE & Co., et al., Case No. 01-01139 (JKF)  
(Jointly Administered)

Debtors

FIRST INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY, LLC,  
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH FEBRUARY 29, 2004)

Name of Applicant:	Capstone Corporate Recovery, LLC
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	June 8, 2004 ( <u>nunc pro tunc</u> to February 4, 2004)
Period for which compensation and reimbursement is sought:	February 4, 2004 through February 29, 2004
Amount of Compensation sought as actual, reasonable and necessary (80% of \$94,882.00):	\$75,905.60
Amount of Expense Reimbursement sought as actual, reasonable and necessary (100%):	\$3,932.07

This is an:  interim     final application

This is the First Interim Application filed by Capstone Corporate Recovery, LLC.  
("Capstone") was retained instead of FTI Consulting, Inc. (a/k/a FTI Pollicano & Manzo)  
("FTI") as financial advisors to the Official Committee of Unsecured Creditors, by order  
of this Court dated June 8, 2004, nunc pro tunc to February 4, 2004.

The total time expended for fee application preparation activities is approximately 20.2  
hours and corresponding compensation requested is approximately \$5,987.00. The time  
expended totaled approximately 7.2 hours spent on the preparation of Capstone's first  
monthly interim fee application and 13.0 hours preparing fee applications on behalf of  
FTI Consulting, Inc., including 3.0 hours spent by a paraprofessional assisting in  
preparation of the applications.

Disclosure for the current period is as follows:

FIRST INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY, LLC,  
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH FEBRUARY 29, 2004)

**ATTACHMENT A  
TO FEE APPLICATION**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60

FIRST INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY, LLC,  
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM FEBRUARY 4, 2004 THROUGH FEBRUARY 29, 2004)

**ATTACHMENT B  
TO FEE APPLICATION**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Detailed Time Description by Task Code
4. Expense Detail

**W.R. Grace & Co.  
Capstone Corporate Recovery, LLC  
Summary of Fees by Professional  
For the Period 2/4/04 through 2/29/04**

<b>Professional</b>	<b>Position</b>	<b>Billing Rate</b>	<b>Hours</b>	<b>Fees</b>
E. Ordway	Member	\$495	6.70	\$3,316.50
S. Cunningham	Member	\$475	62.00	\$29,450.00
C. Troyer	Consultant	\$375	63.00	\$23,625.00
L. Hamilton	Consultant	\$335	112.30	\$37,620.50
M. Desalvio	Research	\$150	1.00	\$150.00
M. Hakoun	Research	\$150	3.30	\$495.00
N. Backer	Paraprofessional	\$75	3.00	\$225.00
<b>For the Period 2/4/04 through 2/29/04</b>			<b>251.30</b>	<b>\$94,882.00</b>

**W.R. Grace & Co.**  
**Capstone Corporate Recovery, LLC**  
**Summary of Fees by Task Code**  
**For the Period 2/1/2004 through 2/29/2004**

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
04. Creditor Committee Matters	During the Fee Application period, the Applicant attended meetings to discuss various case issues with members of the Committee.	0.80	\$396.00
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared Fee Applications for itself and on behalf of FTI Consulting, Inc.	20.20	\$5,987.00
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant read and analyzed Q4 2003 financial results and prepared a report to the Committee thereon.	107.20	\$38,689.50
09. Financial Analysis - Business Plan	During the Fee Application Period, the Applicant analyzed the Debtors' FY 2004 Business Plan and prepared a report to the Committee detailing the Plan highlights.	28.20	\$11,035.00
11. Financial Analysis - Other	During the Fee Application period, the Applicant analyzed the court docket for pertinent case information. Additionally, Capstone analyzed financial data regarding competitors and economic forecasts.	8.95	\$3,062.25
18. Retention of Professionals	During the Fee Application Period, the Applicant prepared retention application documents and reviewed same with counsel.	22.00	\$7,418.00
19. Tax Issues	During the Fee Application Period, the Applicant read and analyzed historical tax data, Sealed Air settlement information and information provided by the Debtors in preparation for tax issues meeting.	22.35	\$10,224.25
20. Valuation	During the Fee Application period, the Applicant spent time updating a hypothetical recovery analysis for Sealed Air impacts and discussed same with tax advisors and the Debtors.	17.00	\$7,047.00
26. Meetings with Debtors	During the Fee Application Period, we met with the Debtors to discuss the Q4 2003 financial results as well as the 2004 Business Plan. We also participated in a tax issues meeting with the Debtors.	24.20	\$10,825.00
28. Special Case Issues	During the Fee Application period, the Applicant read and analyzed recent asbestos case information.	0.40	\$198.00
<b>For the Period 2/1/2004 through 2/29/2004</b>		<b>251.30</b>	<b>\$94,882.00</b>

**W.R. Grace & Co.****Capstone Corporate Recovery, LLC****Detailed Time Description by Task Code****For the Period 2/4/04 through 2/29/04**

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
<b>04. Creditor Committee Matters</b>			
2/10/2004	E. Ordway	0.30	Called counsel to discuss meeting and next steps.
2/10/2004	E. Ordway	0.20	Advised staff regarding participation in Committee conference call.
2/19/2004	E. Ordway	0.30	Called Committee member to discuss status report.
Subtotal		0.80	
<b>07. Fee Applications &amp; Invoices</b>			
2/18/2004	L. Hamilton	2.40	Prepared January fee application on behalf of FTI.
2/19/2004	L. Hamilton	1.60	Prepared January fee application for FTI.
2/22/2004	N. Backer	3.00	Prepared fee application for Capstone Corporate Recovery.
2/26/2004	L. Hamilton	4.20	Prepared January fee application for Capstone Corporate Recovery.
2/27/2004	L. Hamilton	2.70	Prepared final fee application for FTI.
2/27/2004	L. Hamilton	2.70	Prepared Quarterly fee application for FTI.
2/27/2004	L. Hamilton	3.60	Prepared January fee application for FTI.
Subtotal		20.20	
<b>08. Financial Analysis - Schedules &amp; Statements</b>			
2/4/2004	L. Hamilton	2.30	Read and analyzed 4th quarter information provided by Debtors.
2/5/2004	L. Hamilton	2.40	Read and analyzed 4th quarter information provided by Debtors.
2/5/2004	S. Cunningham	2.00	Read and analyzed Q4 2003 financial information received from the Debtors.
2/6/2004	S. Cunningham	2.75	Read and analyzed Q4 2003 financial information received from the Debtors.
2/9/2004	E. Ordway	1.20	Read and analyzed December financial statements and supplementary schedules; prepared list of items for staff to further investigate.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
2/9/2004	L. Hamilton	2.00	Read and analyzed 4th quarter information provided by the Debtors.
2/9/2004	S. Cunningham	2.50	Read and analyzed Q4 2003 financial information received from Debtors.
2/9/2004	C. Troyer	2.80	Read and analyzed 4th quarter and year-to-date financial statements.
2/10/2004	S. Cunningham	3.75	Read and analyzed FY 2004 year-to-date financial results.
2/12/2004	L. Hamilton	3.70	Prepared 4th quarter analyses of divisional results compared to Plan and Latest Estimate.
2/12/2004	L. Hamilton	3.30	Prepared 4th quarter analyses of consolidated results compared to Plan and Latest Estimate.
2/13/2004	L. Hamilton	4.40	Prepared 4th quarter analyses of corporate expenses and non-core expenses.
2/13/2004	L. Hamilton	1.10	Prepared 4th quarter cash flow schedule.
2/16/2004	L. Hamilton	1.80	Prepared formats for 4th quarter report to the Committee.
2/16/2004	L. Hamilton	4.20	Prepared Year-over-Year schedules for inclusion in 4th quarter report to the Committee.
2/16/2004	L. Hamilton	3.50	Prepared EBIT analysis for inclusion in 4th quarter report to the Committee.
2/16/2004	C. Troyer	7.00	Read and analyzed 4th quarter and year-to-date financial statements.
2/17/2004	L. Hamilton	2.30	Prepared corporate expense analysis for 4th quarter report to the Committee.
2/17/2004	L. Hamilton	1.90	Prepared cash flow analysis for 4th quarter report to the Committee.
2/17/2004	C. Troyer	7.50	Prepared schedules for inclusion in the report to the Committee on 4th quarter 2003 performance.
2/17/2004	L. Hamilton	0.80	Prepared distribution of 4th quarter financial statements to the Committee.
2/18/2004	L. Hamilton	0.50	Updated distribution of 4th quarter financial statements.
2/22/2004	M. Hakoun	2.00	Prepared peer group analysis for 4th quarter.
2/23/2004	C. Troyer	7.00	Read and analyzed 4th quarter and year-to-date financial statements.
2/23/2004	L. Hamilton	4.90	Prepared peer company analyses for 4th quarter report.
2/23/2004	L. Hamilton	3.60	Read and analyzed latest SEC filings for peer companies.
2/24/2004	L. Hamilton	3.20	Continued to prepare peer company analysis for 4th quarter report.
2/24/2004	L. Hamilton	1.20	Continued to prepare peer company analysis.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
2/24/2004	C. Troyer	9.00	Prepared draft of 4th quarter report to the Committee.
2/25/2004	L. Hamilton	1.00	Read and analyzed additional 4th quarter data provided by Debtors.
2/25/2004	L. Hamilton	1.30	Prepared analysis of 4th quarter and full year EBITDA variances.
2/25/2004	M. Hakoun	1.30	Prepared peer group analysis for 4th quarter.
2/25/2004	C. Troyer	7.00	Prepared draft of 4th quarter report to the Committee.
2/26/2004	L. Hamilton	0.90	Updated non-core expense analysis to reflect changes reported by Debtors.
2/27/2004	C. Troyer	1.10	Prepared draft 4th quarter report to the Committee.
<b>Subtotal</b>		<b>107.20</b>	

**09. Financial Analysis - Business Plan**

2/11/2004	C. Troyer	4.70	Read and analyzed 2004 Plan materials prepared by the Debtors.
2/11/2004	S. Cunningham	4.50	Read and analyzed information related to FY 2004 plan in preparation for meeting with Debtors.
2/12/2004	S. Cunningham	2.50	Read and analyzed year-end FY 2003 financial information for incorporation in business plan analysis.
2/12/2004	S. Cunningham	3.00	Prepared preliminary analysis of FY 2004 plan.
2/18/2004	L. Hamilton	2.00	Read and analyzed 2004 Business Plan prepared by Debtors.
2/24/2004	L. Hamilton	3.80	Read and analyzed 2004 Business Plan prepared by Debtors.
2/25/2004	L. Hamilton	3.90	Prepared consolidated analysis schedules for inclusion in 2004 Business Plan report to Committee.
2/25/2004	L. Hamilton	3.80	Prepared EBITDA analyses for inclusion in 2004 Business Plan report to Committee.
<b>Subtotal</b>		<b>28.20</b>	

**11. Financial Analysis - Other**

2/4/2004	L. Hamilton	2.20	Read and analyzed court docket information regarding Wolin recusal.
2/5/2004	L. Hamilton	0.80	Read and analyzed court docket information regarding Wolin recusal.
2/10/2004	S. Cunningham	0.75	Updated environmental data to reflect year-end charges.
2/13/2004	L. Hamilton	2.30	Prepared summary of environmental charges from filing date to present.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
2/17/2004	L. Hamilton	1.00	Read and analyzed various recent court docket items.
2/25/2004	E. Ordway	0.90	Read and analyzed peer group data and drafted section of business plan reporting addressing industry performance..
2/27/2004	M. Desalvio	1.00	Researched update to economic forecasts for prime rate, fed funds rate and GDP.
<b>Subtotal</b>		<b>8.95</b>	

**18. Retention of Professionals**

2/10/2004	E. Ordway	0.30	Prepared retention documents.
2/11/2004	L. Hamilton	6.50	Prepared retention documents.
2/12/2004	L. Hamilton	2.20	Prepared retention documents.
2/12/2004	L. Hamilton	0.30	Discussed retention documents with counsel.
2/13/2004	L. Hamilton	0.20	Discussed retention documents with counsel.
2/18/2004	L. Hamilton	3.80	Updated retention documents to reflect comments from counsel.
2/19/2004	L. Hamilton	2.80	Updated retention documents to reflect comments by counsel.
2/19/2004	L. Hamilton	0.50	Discussed retention documents with counsel.
2/20/2004	L. Hamilton	4.50	Updated retention documents to reflect comments by counsel.
2/23/2004	L. Hamilton	0.50	Discussed status of retention filing with counsel.
2/24/2004	L. Hamilton	0.40	Finalized retention filing with counsel.
<b>Subtotal</b>		<b>22.00</b>	

**19. Tax Issues**

2/5/2004	L. Hamilton	2.80	Provided counsel, Debtors and case team members with agendas for planned tax meetings in February and March.
2/16/2004	S. Cunningham	2.90	Read and analyzed historical tax information in preparation for meeting at Debtors' headquarters.
2/17/2004	S. Cunningham	3.20	Read and analyzed Sealed Air settlement and related tax issues.
2/17/2004	S. Cunningham	1.80	Read and analyzed information forwarded by Debtors in preparation for tax issues meeting.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
2/19/2004	S. Cunningham	1.50	Read and analyzed draft of Debtors' response regarding Sealed Air settlement.
2/20/2004	S. Cunningham	1.50	Discussed Sealed Air issues with tax advisors.
2/23/2004	S. Cunningham	1.90	Read historical treatment of NOL utilization and analyzed impact on tax settlements.
2/23/2004	S. Cunningham	1.40	Read and prepared analysis of 1993 -1996 COLI tax issues.
2/25/2004	S. Cunningham	1.80	Discussed Sealed Air issues with counsel.
2/26/2004	S. Cunningham	1.00	Read and analyzed information regarding Sealed Air settlement and related tax issues.
2/27/2004	S. Cunningham	2.55	Prepared analysis of tax issues regarding COLI and Lonely Parent issues.
<b>Subtotal</b>		<b>22.35</b>	

**20. Valuation**

2/20/2004	E. Ordway	1.40	Read and analyzed Sealed Air settlement arrangements and summarized key economic points for inclusion in valuation analysis.
2/26/2004	S. Cunningham	2.00	Prepared update analysis regarding hypothetical recovery analysis under various asbestos outcomes.
2/26/2004	E. Ordway	1.30	Directed staff in updating valuation model to consider impact of Seal Air settlement.
2/26/2004	C. Troyer	8.00	Prepared update of hypothetical recovery analysis.
2/27/2004	C. Troyer	2.10	Updated memo regarding hypothetical recovery analysis.
2/27/2004	C. Troyer	0.80	Participated in meeting with the tax advisors regarding hypothetical analysis.
2/27/2004	S. Cunningham	1.00	Read hypothetical recovery analysis and assumptions with tax personnel.
2/27/2004	E. Ordway	0.40	Edited/prepared memo to agent and counsel regarding Seal Air settlement and impact on recovery.
<b>Subtotal</b>		<b>17.00</b>	

**26. Meetings with Debtors**

2/12/2004	C. Troyer	6.00	Met with the Debtors to discuss 4th quarter 2003 performance and the 2004 Plan.
2/12/2004	S. Cunningham	4.50	Participated in FY 2004 budget review at headquarters of Debtors.
2/17/2004	S. Cunningham	3.00	Participated in tax issues meeting at Debtors' headquarters.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
2/18/2004	S. Cunningham	8.00	Participated in tax issues meeting.
2/25/2004	S. Cunningham	2.20	Met with counsel and tax advisors to discuss Committee update regarding tax issues meeting with Debtors.
2/26/2004	L. Hamilton	0.50	Participated in conference call with Debtors regarding 4th quarter post-closing adjustment.
<b>Subtotal</b>		<b>24.20</b>	
<b>28. Special Case Issues</b>			
2/12/2004	E. Ordway	0.40	Read and analyzed most recent report prepared by Navigant regarding asbestos claims update.
<b>Subtotal</b>		<b>0.40</b>	
<b>Total Hours</b>		<b>251.30</b>	

**W.R. Grace & Co.  
Capstone Corporate Recovery, LLC  
Expense Detail  
For the Period 2/4/04 through 2/29/04**

Expense Date	Professional	Amount
<b>Airfare/Train</b>		
2/25/2004	S. Cunningham	\$1,379.20
2/25/2004	S. Cunningham	\$323.00
<b>Subtotal - Airfare/Train</b>		<b>\$1,702.20</b>
<b>Auto Rental</b>		
2/13/2004	C. Troyer	\$203.22
2/26/2004	S. Cunningham	\$307.47
<b>Subtotal - Auto Rental</b>		<b>\$510.69</b>
<b>Lodging</b>		
2/25/2004	S. Cunningham	\$876.86
<b>Subtotal - Lodging</b>		<b>\$876.86</b>
<b>Meals</b>		
2/25/2004	S. Cunningham	\$364.29
2/25/2004	S. Cunningham	\$34.41
<b>Subtotal - Meals</b>		<b>\$398.70</b>
<b>Parking/Tolls/Mileage</b>		
2/25/2004	S. Cunningham	\$170.00
2/25/2004	S. Cunningham	\$161.00
2/25/2004	S. Cunningham	\$48.00
<b>Subtotal - Parking/Tolls/Mileage</b>		<b>\$379.00</b>
<b>Taxi</b>		
2/25/2004	S. Cunningham	\$40.00
<b>Subtotal - Taxi</b>		<b>\$40.00</b>

Expense Date	Professional	Amount
Telephone		
2/15/2004	E. Ordway	\$24.62
Subtotal - Telephone		\$24.62
For the Period 2/4/04 through 2/29/04		\$3,932.07

**Exhibit III**

**Fee Application for the period**

**March 1, 2004 – March 31, 2004**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----X

In re: Chapter 11

W.R. GRACE & Co., et al., Case No. 01-01139 (JKF)  
(Jointly Administered)

Debtors

SECOND INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY,  
LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM MARCH 1, 2004 THROUGH MARCH 31, 2004)

Name of Applicant: Capstone Corporate Recovery, LLC

Authorized to Provide Professional Services to: The Official Committee of  
Unsecured Creditors

Date of Retention: June 8, 2004 (nunc pro tunc  
to February 4, 2004)

Period for which compensation and  
reimbursement is sought: March 1, 2004 through  
March 31, 2004

Amount of Compensation sought  
as actual, reasonable and necessary (80% of \$136,415.50): \$109,132.40

Amount of Expense Reimbursement sought  
as actual, reasonable and necessary (100%): \$1,819.00

This is an: X interim \_\_\_\_\_ final application

This is the Second Interim Application filed by Capstone Corporate Recovery, LLC.  
("Capstone") was retained instead of FTI Consulting, Inc. (a/k/a FTI Pollicano & Manzo)  
("FTI") as financial advisors to the Official Committee of Unsecured Creditors, by order  
of this Court dated June 8, 2004, nunc pro tunc to February 4, 2004.

The total time expended for fee application preparation activities is approximately 18.3  
hours and corresponding compensation requested is approximately \$5,918.50. The time  
expended totaled approximately 2.1 hours spent on the preparation of Capstone's first  
monthly interim fee application and 16.2 hours preparing fee applications on behalf of  
FTI Consulting, Inc., including 1.0 hours spent by a paraprofessional assisting in  
preparation of the applications.

Disclosure for the current period is as follows:

SECOND INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY,  
LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM MARCH 1, 2004 THROUGH MARCH 31, 2004)

**ATTACHMENT A  
TO FEE APPLICATION**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60
June 10, 2004	March 1, 2004 through March 31, 2004	\$136,415.50	\$1,819.00	\$109,132.40

SECOND INTERIM APPLICATION OF CAPSTONE CORPORATE RECOVERY,  
LLC, FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(FOR THE PERIOD FROM MARCH 1, 2004 THROUGH MARCH 31, 2004)

**ATTACHMENT B  
TO FEE APPLICATION**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Detailed Time Description by Task Code
4. Expense Detail

**W.R. Grace & Co.**  
**Capstone Corporate Recovery, LLC**  
**Summary of Fees by Professional**  
**For the Period 3/1/04 through 3/31/04**

<b>Professional</b>	<b>Position</b>	<b>Billing Rate</b>	<b>Hours</b>	<b>Fees</b>
E. Ordway	Member	\$495	35.70	\$17,671.50
S. Cunningham	Member	\$475	84.75	\$40,256.25
C. Troyer	Consultant	\$375	173.25	\$64,968.75
J. Rooney	Consultant	\$375	11.00	\$4,125.00
L. Hamilton	Consultant	\$335	20.90	\$7,001.50
M. Desalvio	Research	\$150	0.25	\$37.50
M. Hakoun	Research	\$150	15.20	\$2,280.00
N. Backer	Paraprofessional	\$75	1.00	\$75.00
<b>For the Period 3/1/04 through 3/31/04</b>			<b>342.05</b>	<b>\$136,415.50</b>

**W.R. Grace & Co.****Capstone Corporate Recovery, LLC****Summary of Fees by Task Code****For the Period 3/1/2004 through 3/31/2004**

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
02. Case Administration	During the Fee Application Period, the Applicant spent time performing administrative tasks necessary to provide the consulting services detailed in the Engagement Letter. Applicant strives to keep time charged to this category to a minimum.	0.75	\$112.50
04. Creditor Committee Matters	During the Fee Application period, the Applicant attended meetings to discuss various case issues with members of the Committee.	16.50	\$7,265.50
05. Employee Matters/KERP/Other	During the Fee Application period, the Applicant analyzed the "LTIP" motion.	3.10	\$1,278.50
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant prepared Fee Applications for itself and on behalf of FTI Consulting, Inc.	18.30	\$5,918.50
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant continued to work on the 4th Quarter 2003 report prior to distribution to the Committee.	37.95	\$15,304.25
09. Financial Analysis - Business Plan	During the Fee Application Period, the Applicant analyzed the Debtors' FY 2004 Business Plan and prepared a report to the Committee detailing the Plan highlights.	119.95	\$48,999.25
11. Financial Analysis - Other	During the Fee Application period, the Applicant analyzed the court docket for pertinent case information.	16.65	\$4,670.25
15. Plan & Disclosure Statement	During the Fee Application Period, the Applicant analyzed Plan and Disclosure Statements for other bankrupt Companies facing asbestos claims.	20.50	\$7,412.50
18. Retention of Professionals	During the Fee Application Period, the Applicant prepared documents filed with the Court related to its retention by the Creditors Committee.	2.00	\$750.00
19. Tax Issues	During the Fee Application period, the Applicant read and analyzed information regarding the "Lonely Parent" rule, the Sealed Air settlement, and Company historical tax data.	8.20	\$3,895.00
20. Valuation	During the Fee Application period, the Applicant spent time updating a hypothetical recovery analysis for new tax assumptions and Sealed Air settlement impact.	80.55	\$33,310.25

<b>Task Code</b>	<b>Task Description</b>	<b>Hours</b>	<b>Fees</b>
21. Research	During the Fee Application Period, the Applicant spent time researching asbestos issues and peer companies.	1.00	\$150.00
26. Meetings with Debtors	During the Fee Application period, the Applicant met with Debtors and counsel to discuss tax issues, the Sealed Air settlement, and the FY 2004 Business Plan.	13.50	\$5,862.50
28. Special Case Issues	During the Fee Application period, the Applicant read and analyzed recent asbestos claims information.	3.10	\$1,486.50
<b>For the Period 3/1/2004 through 3/31/2004</b>		<b>342.05</b>	<b>\$136,415.50</b>

**W.R. Grace & Co.**  
**Capstone Corporate Recovery, LLC**  
**Detailed Time Description by Task Code**  
**For the Period 3/1/2004 through 3/31/2004**

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
<b>02. Case Administration</b>			
3/12/2004	M. Hakoun	0.75	Downloaded and distributed current fee applications filed in Bankruptcy court to team.
<b>Subtotal</b>			
		0.75	
<b>04. Creditor Committee Matters</b>			
3/2/2004	E. Ordway	0.30	Called Committee member to discuss 4th quarter results.
3/2/2004	L. Hamilton	0.20	Discussed March 31, 2004, meeting agenda with counsel.
3/5/2004	E. Ordway	0.20	Called chair to discuss LTIP motion.
3/16/2004	C. Troyer	1.50	Discussed the hypothetical recovery analysis with counsel.
3/24/2004	C. Troyer	1.25	Met with Committee chair to discuss hypothetical recovery analysis.
3/24/2004	E. Ordway	1.20	Met with chair to discuss valuation data.
3/24/2004	S. Cunningham	1.50	Met with Committee chair to review hypothetical recovery analysis and debt capacity analysis.
3/26/2004	C. Troyer	0.75	Discussed the business plan report, Committee meeting agenda and claims analysis issues with counsel.
3/30/2004	C. Troyer	3.50	Prepared materials for distribution to the Committee at the meeting on March 31, 2004.
3/31/2004	E. Ordway	0.60	Met with counsel and chair to discuss next steps.
3/31/2004	E. Ordway	5.50	Participated in meeting with Debtors and Committee regarding 2004 business plan, 2004 results and case status report.
<b>Subtotal</b>			
		16.50	
<b>05. Employee Matters/KERP/Other</b>			
3/4/2004	L. Hamilton	1.10	Read and analyzed "LTIP" motion.
3/5/2004	C. Troyer	0.50	Read and analyzed "LTIP" motion.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/5/2004	E. Ordway	0.50	Read and analyzed LTIP motion.
3/12/2004	S. Cunningham	1.00	Reviewed "LTIP" information for prior periods.
Subtotal		3.10	
<b>07. Fee Applications &amp; Invoices</b>			
3/2/2004	L. Hamilton	1.10	Finalized January fee application on behalf of FTI Consulting.
3/2/2004	L. Hamilton	2.30	Prepared final fee application on behalf of FTI Consulting.
3/2/2004	E. Ordway	0.30	Prepared fee application.
3/4/2004	L. Hamilton	1.50	Prepared quarterly fee application for FTI Consulting, including reconciliation of fees and hours with FTI.
3/7/2004	L. Hamilton	2.40	Prepared quarterly fee application o behalf of FTI Consulting.
3/7/2004	L. Hamilton	1.00	Prepared final fee application on behalf of FTI Consulting.
3/9/2004	L. Hamilton	2.30	Prepared quarterly fee application o behalf of FTI Consulting.
3/9/2004	L. Hamilton	1.00	Prepared summary schedules for fee applications on behalf of FTI.
3/9/2004	L. Hamilton	1.20	Prepared final fee application on behalf of FTI Consulting.
3/10/2004	L. Hamilton	1.60	Prepared final fee application on behalf of FTI Consulting.
3/15/2004	L. Hamilton	0.50	Prepared final fee application on behalf of FTI Consulting.
3/23/2004	L. Hamilton	2.10	Prepared Capstone's February fee application.
3/31/2004	N. Backer	1.00	Processed data for inclusion in FTI Consulting's February Fee Application.
Subtotal		18.30	

08. Financial Analysis - Schedules & Statements			
3/1/2004	L. Hamilton	1.10	Read and edited 4th quarter report.
3/1/2004	C. Troyer	3.50	Prepared and edited 4th quarter report to the Committee.
3/2/2004	C. Troyer	6.50	Prepared and edited 4th quarter report to the Committee.
3/3/2004	C. Troyer	8.00	Prepared and edited 4th quarter report to the Committee.
3/4/2004	C. Troyer	7.50	Prepared and edited 4th quarter report to the Committee.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/5/2004	C. Troyer	1.00	Finalized 4th quarter report and sent to counsel.
3/8/2004	E. Ordway	2.40	Prepared/edited report on 4th quarter.
3/8/2004	S. Cunningham	3.75	Prepared analysis on Q4 2003 operating results.
3/9/2004	E. Ordway	1.70	Prepared/edited report.
3/9/2004	S. Cunningham	2.50	Prepared analysis on Q4 2003 operating results.
<b>Subtotal</b>		<b>37.95</b>	

**09. Financial Analysis - Business Plan**

3/5/2004	C. Troyer	5.00	Analyzed 2004 business plan.
3/10/2004	S. Cunningham	2.25	Prepared analysis of FY 2004 business plan by division.
3/12/2004	C. Troyer	3.00	Analyzed 2004 business plan.
3/15/2004	S. Cunningham	3.50	Prepared analysis of FY 2004 business plan.
3/16/2004	E. Ordway	1.80	Continued preparation of 2004 business plan analysis.
3/16/2004	C. Troyer	7.00	Read and analyzed the 2004 business plan.
3/16/2004	S. Cunningham	2.45	Prepared analysis of FY 2004 business plan.
3/17/2004	C. Troyer	9.00	Read and analyzed the 2004 business plan.
3/18/2004	S. Cunningham	2.50	Prepared analysis of FY 2004 business plan.
3/18/2004	C. Troyer	9.00	Read and analyzed the 2004 business plan.
3/18/2004	S. Cunningham	2.00	Prepared analysis of FY 2004 business plan.
3/19/2004	S. Cunningham	2.50	Prepared analysis of FY 2004 business plan.
3/19/2004	E. Ordway	2.30	Analyzed competitor financial information in connection with peer group analysis.
3/19/2004	C. Troyer	8.00	Read and analyzed the 2004 business plan.
3/21/2004	C. Troyer	5.00	Read and analyzed the 2004 business plan.
3/22/2004	S. Cunningham	1.50	Prepared analysis of FY 2004 business plan.
3/22/2004	E. Ordway	1.10	Continued to prepare report to Committee regarding 2004 business plan.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/22/2004	C. Troyer	9.00	Drafted the report to the Committee on the Debtors' 2004 business plan.
3/23/2004	E. Ordway	2.40	Prepared analysis of competitor data to include in business plan report.
3/23/2004	C. Troyer	6.50	Drafted report to the Committee on the Debtors' 2004 business plan.
3/24/2004	S. Cunningham	3.00	Prepared analysis of FY 2004 business plan.
3/24/2004	C. Troyer	5.00	Updated report to the Committee on the debtors' 2004 business plan.
3/26/2004	E. Ordway	2.80	Prepared/edited business plan report.
3/26/2004	C. Troyer	7.25	Updated report to the Committee on the 2004 business plan.
3/29/2004	C. Troyer	3.00	Updated report to the Committee on the Company's 2004 business plan.
3/30/2004	C. Troyer	3.50	Finalized report to the Committee on the 2004 business plan.
3/30/2004	J. Rooney	1.60	Read and analyzed 2004 business plan.
3/30/2004	S. Cunningham	8.00	Prepared analysis of FY 2004 business plan.
<b>Subtotal</b>		<b>119.95</b>	

**11. Financial Analysis - Other**

3/2/2004	M. Hakoun	1.20	Prepared summary of various economic forecast data, reviewed with team.
3/2/2004	L. Hamilton	0.50	Prepared draft agenda for March 31, 2004 meeting with Debtors and Committee.
3/3/2004	E. Ordway	0.20	Reviewed meeting agenda prepared by staff.
3/3/2004	L. Hamilton	1.00	Prepared work plan.
3/4/2004	C. Troyer	0.50	Drafted agenda for 3/31/04 Committee meeting and discussed with counsel.
3/5/2004	M. Hakoun	1.50	Read, analyzed and discussed changes and increases in reserves per 10K with team.
3/11/2004	M. Hakoun	3.25	Read and analyzed dynamics of peer asbestos POR's and Disclosure Statements using same to update table of recent activity with regards to asbestos claimants.
3/12/2004	E. Ordway	0.30	Read and analyzed various pleadings.
3/12/2004	M. Hakoun	2.75	Compared asbestos reserve and insurance coverage for peer bankrupt asbestos companies.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/29/2004	E. Ordway	2.10	Prepared for meeting with Committee and Debtors by reviewing report, counsel memorandum, Navigant reports and agenda.
3/29/2004	C. Troyer	1.25	Read and analyzed a report on companies that filed for chapter 11 bankruptcy in 2000 and 2001
3/30/2004	J. Rooney	0.40	Reviewed and analyzed recent motions filed.
3/30/2004	C. Troyer	0.20	Discussed claims analysis and COLI-related question with the Debtors.
3/30/2004	E. Ordway	0.80	Prepared near-term work plan for discussion with Committee.
3/30/2004	E. Ordway	0.30	Prepared summary of questions for Debtors.
3/30/2004	C. Troyer	0.40	Read and analyzed an issues memo prepared by counsel.
<b>Subtotal</b>		<b>16.65</b>	

  

<b>15. Plan &amp; Disclosure Statement</b>		
3/8/2004 M. Hakoun 2.25 Gathered information on peer asbestos bankruptcies, most recent POR & Disclosure Statements, analyzed claims recovery for creditors.		
3/10/2004 M. Hakoun 2.75 Researched peer group bankruptcies, gathered updated POR's Disclosures and creditors motions.		
3/15/2004 J. Rooney 3.50 Analyzed Plan and Disclosure documents for Armstrong, Babcock and Wilcox, Halliburton and Federal Mogul.		
3/16/2004 J. Rooney 3.50 Analyzed Plan and Disclosure documents for Armstrong, Babcock and Wilcox, Halliburton and Federal Mogul.		
3/17/2004 S. Cunningham 1.50 Prepared analysis on information pertaining to other asbestos PORs.		
3/18/2004 S. Cunningham 3.50 Prepared analysis on information pertaining to other asbestos PORs.		
3/22/2004 S. Cunningham 3.50 Prepared update as to status of other asbestos PORs and range of asbestos liability		
<b>Subtotal</b>		<b>20.50</b>

<b>18. Retention of Professionals</b>		
3/25/2004 J. Rooney 0.90 Prepared revised draft Confidentiality Agreement.		
3/26/2004 J. Rooney 1.10 Prepared revised draft Confidentiality Agreement.		
<b>Subtotal</b>		<b>2.00</b>

<b>19. Tax Issues</b>
<b>Capstone Corporate Recovery, LLC</b>

**Invoice for the Second Interim Fee Application**

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/1/2004	S. Cunningham	3.50	Analyzed impact of "Lonely Parent" rule on tax cash required.
3/5/2004	S. Cunningham	1.25	Analyzed 1993 -1996 open tax issues.
3/5/2004	S. Cunningham	2.25	Prepared analysis of "Lonely Parent" rule.
3/19/2004	S. Cunningham	1.20	Discussed "Lonely Parent" issues with tax advisors.
<b>Subtotal</b>		<b>8.20</b>	

**20. Valuation**

3/8/2004	C. Troyer	8.50	Updated hypothetical recovery analysis.
3/9/2004	C. Troyer	8.50	Updated hypothetical recovery analysis, including information pertaining to the key terms of other asbestos-related bankruptcies.
3/10/2004	C. Troyer	8.00	Analyzed debt capacity and hypothetical forms of recovery for a range of asbestos claim levels.
3/11/2004	C. Troyer	6.00	Updated hypothetical recovery analysis report to the Committee.
3/11/2004	S. Cunningham	2.00	Prepared hypothetical recovery scenarios.
3/11/2004	S. Cunningham	2.25	Analyzed Debtors' post emergence Debt Capacity.
3/12/2004	C. Troyer	5.00	Drafted hypothetical recovery analysis report to the Committee.
3/12/2004	E. Ordway	1.60	Prepared/edited hypothetical recovery analysis.
3/12/2004	S. Cunningham	2.00	Prepared hypothetical recovery scenarios.
3/15/2004	S. Cunningham	2.25	Edited draft report on hypothetical recovery.
3/15/2004	C. Troyer	6.00	Updated hypothetical recovery analysis.
3/16/2004	S. Cunningham	1.80	Discussed hypothetical recovery scenario with counsel.
3/17/2004	S. Cunningham	1.50	Updated recovery analysis with respect to tax issues.
3/18/2004	E. Ordway	3.10	Prepared/updated/edited recovery analysis to consider updated business plan data.
3/19/2004	S. Cunningham	1.80	Updated hypothetical recovery for the impact of the Sealed Air settlement.
3/22/2004	S. Cunningham	1.00	Prepared analysis of industry multiples for valuation purposes.
3/23/2004	C. Troyer	1.50	Updated the hypothetical recovery analysis.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/23/2004	S. Cunningham	2.80	Updated hypothetical recovery analysis.
3/23/2004	S. Cunningham	2.70	Updated hypothetical recovery analysis.
3/23/2004	S. Cunningham	2.00	Updated hypothetical recovery analysis.
3/24/2004	E. Ordway	1.50	Prepared for meeting with chair to review hypothetical valuation data.
3/24/2004	C. Troyer	1.25	Updated hypothetical recovery analysis in preparation for meeting with Committee chair.
3/25/2004	S. Cunningham	1.50	Reviewed hypothetical recovery analysis.
3/29/2004	C. Troyer	3.50	Updated hypothetical recovery analysis.
3/29/2004	C. Troyer	0.50	Researched transaction economics of the Lyondell-Millennium acquisition for valuation purposes.
3/31/2004	C. Troyer	2.00	Updated hypothetical recovery analysis to include additional items discussed at the Committee meeting.
<b>Subtotal</b>		<b>80.55</b>	

**21. Research**

3/9/2004	M. Hakoun	0.75	Researched asbestos bankruptcy reports for C. Troyer.
3/16/2004	M. Desalvio	0.25	Located and distributed Morgan Stanley analyst reports on Halliburton.
<b>Subtotal</b>		<b>1.00</b>	

**26. Meetings with Debtors**

3/31/2004	S. Cunningham	6.00	Participated in Company FY 2004 Plan/Issue discussion.
3/31/2004	C. Troyer	5.50	Participate in Committee meeting with Debtors to discuss a range of issues, including the 2004 business plan.
3/31/2004	S. Cunningham	2.00	Participated in Committee meetings prior to and after Company presentation of FY 2004 Plan.
<b>Subtotal</b>		<b>13.50</b>	

**28. Special Case Issues**

3/3/2004	E. Ordway	0.30	Reviewed Navigant asbestos update memo.
3/11/2004	E. Ordway	0.40	Read and analyzed Navigant report regarding AFL-CIO report to Congress.

<b>Date</b>	<b>Professional</b>	<b>Hours</b>	<b>Detailed Time Description</b>
3/26/2004	E. Ordway	1.10	Read counsel correspondence regarding Armstrong Writ of Mandamus and briefs filed in other asbestos cases.
3/26/2004	E. Ordway	0.90	Read and analyzed Navigant report on asbestos.
3/30/2004	C. Troyer	0.40	Read memo prepared by Navigant Consulting regarding the status of asbestos-related legislation
Subtotal		3.10	
<b>Total Hours</b>		<b>342.05</b>	

**W.R. Grace & Co.  
Capstone Corporate Recovery, LLC  
Expense Detail  
For the Period 3/1/04 through 3/31/04**

Expense Date	Professional	Amount
<b>Parking/Tolls/Mileage</b>		
3/24/2004	E. Ordway	\$47.00
3/24/2004	C. Troyer	\$43.00
3/30/2004	E. Ordway	\$33.50
3/31/2004	S. Cunningham	\$27.50
3/31/2004	S. Cunningham	\$15.00
3/31/2004	S. Cunningham	\$6.00
<b>Subtotal - Parking/Tolls/Mileage</b>		<b>\$172.00</b>
<b>Postage &amp; Over Night Deliveries</b>		
3/1/2004	M. Hakoun	\$19.17
<b>Subtotal - Postage &amp; Over Night Deliveries</b>		<b>\$19.17</b>
<b>Purchased Services</b>		
3/30/2004	C. Troyer	\$713.38
<b>Subtotal - Purchased Services</b>		<b>\$713.38</b>
<b>Research</b>		
3/31/2004	Capstone Allocation	\$105.55
3/31/2004	Capstone Allocation	\$100.00
<b>Subtotal - Research</b>		<b>\$205.55</b>
<b>Supplies</b>		
3/3/2004	T. Sell	\$120.49
<b>Subtotal - Supplies</b>		<b>\$120.49</b>
<b>Telephone</b>		
3/2/2004	E. Ordway	\$10.20

Expense Date	Professional	Amount
3/29/2004	S. Cunningham	\$33.00
3/31/2004	Capstone Allocation	\$545.21
Subtotal - Telephone		\$588.41
For the Period 3/1/04 through 3/31/04		\$1,819.00